

10. The QPP arrangement is comprised of a UNE loop purchased from the CLEC's interconnection agreement and mass market switching (including vertical features) and shared transport from the QPP agreement. These components provide a QPP purchaser with the same functionality as UNE-P. Thus, a CLEC can obtain QPP without the need for a hot cut, collocation, or backhaul facilities. QPP utilizes the same preordering, ordering, provisioning, and repair and maintenance processes as are used for UNE-P, so purchasers of QPP do not have to develop new interfaces or processes for the commercial product. At MCI's insistence, the QPP agreement includes provisioning intervals and other performance measures, including service credits to MCI on the key provisioning and repair measures if Qwest fails to perform.

11. Until the end of 2004, the rates for QPP are equivalent to the rates for UNE-P. Thereafter, the QPP rates are subject to three annual increases. Those increases will vary from state to state in Qwest's region and will be slightly higher when QPP is used to serve business customers rather than residential customers. On average, rates for residential customers will increase by \$1.70 on January 1, 2005; another \$0.55 on January 1, 2006; and another \$0.35 on January 1, 2007. The rates for business customers will increase an average of \$2.70, \$1.75, and \$1.75 on those dates. Those rate increases will be reduced by 10 percent if MCI meets the volume incentives specified in the agreement. As part of the QPP arrangement, a CLEC agrees to amend its interconnection agreement to eliminate its ability to purchase UNE-P from that agreement.⁴

⁴ See Exhibit WC-3.

12. The QPP arrangement includes a number of other terms that are favorable to MCI and other purchasers of QPP. In particular, Qwest agreed to implement a batch hot cut process at rates that are substantially less than TELRIC rates approved by state commissions for individual hot cuts. Originally, Qwest proposed a batch hot cut rate of \$46.00 (as compared to Qwest's TELRIC rates which generally range between \$50.00 and \$55.00 for individual batch hot cuts). The final rates in the QPP arrangement range from \$27.50 to \$18.50, depending on whether the CLEC meets the volume targets specified in the QPP agreement. The processes for the batch hot cut process were developed through a batch hot cut forum between Qwest and the CLECs in its region, which is described in detail in the Declaration of Dennis Pappas. Through negotiations with MCI, Qwest agreed to a number of additional favorable terms and conditions with regard to the batch hot cut process. For example, Qwest agreed to perform hot cuts for multiple loops provisioned over integrated digital loop carrier ("IDLC") as a batch, even though these hot cuts require substantially more work by Qwest. IDLC loops will also be included in the scheduling tool that will be used by CLECs for the batch hot cut. Qwest also agreed to allow CLECs to engage in line splitting over QPP. These are all terms that Qwest had declined to provide in the batch hot cut forum, due to the increased cost to the company of doing so.

13. Since MCI signed the QPP agreement, five other CLECs have entered into the same agreement with Qwest. Those CLECs include ChoiceTel, Granite Communications, New Access Communications, Preferred Long Distance, and Unicom.

IV. Advantages of Commercial Agreements

14. As MCI's chief executive has stated, "a negotiated outcome is not only possible, but mutually beneficial" with regard to obtaining access to an ILEC's network.⁵ Commercial carrier agreements provide substantial benefits to CLECs and ILECs alike. For both sides to the agreements, commercial agreements offer much more certainty than the parties' interconnection agreements have provided over the past several years. Indeed, the MCI-Qwest agreement for QPP acknowledges the uncertainty in the regulatory environment and states that the agreement is intended "to address such uncertainty and to create a stable arrangement for the continued availability to MCI from Qwest of services technically and functionally equivalent" to the UNE-P arrangements in MCI's interconnection agreements with Qwest. Irrespective of the cause of the instability, the fact remains that federal and state regulatory requirements have been in a state of near-constant flux over the past eight years. In contrast, Qwest's QPP and Commercial Line Sharing agreements offer stable rates, terms, and conditions over the three or four year term of the agreement.

15. The commercial agreements also provide Qwest with critical revenue stability. By entering the agreement, Qwest has some sense of the revenues that it can expect to receive from the CLECs who enter these agreements. It also has the opportunity to provide the CLEC additional network components, such as DSL, Advanced Intelligent Network ("AIN"), and Voice Messaging Service ("VMS"), that provide enhanced capabilities not available with UNE-P and the potential for additional

⁵ "MCI, Qwest Reach Telecom Network Access Deal," Reuters (May 31, 2004) (quoting MCI Chief Executive Michael Capellas).

revenue for both Qwest and the CLEC. Moreover, the commercial agreements allow Qwest to establish a wholesale marketing channel that achieves some revenue offset to the revenues that it loses when an end user customer leaves Qwest's network. If Qwest loses a customer to a cable company or a wireless provider – both common events in Qwest's region over the past two years – Qwest no longer receives any revenue for that customer, even though it still incurs fixed and recurring costs to maintain the outside plant that served that customer. If the customer instead goes to a CLEC that is serving the customer via QPP or Commercial Line Sharing, Qwest retains at least a portion of the revenues that it would have received if the end user customer had remained with Qwest. In this way, Qwest views the commercial agreements as another distribution channel for providing services over its network. While in theory the same analysis applies if the customer is served by UNE-P or UNE line sharing, the TELRIC rates for those services are so low that it provides Qwest scant benefit. For example, the recurring rate for UNE line sharing in some Qwest states is zero.

16. With regard to the CLECs, the stability of the commercial agreements allows them to establish a business plan that is not dependent on the continuing existence of particular federal or state regulations, which are often outside of the company's control. Such a business plan could rely on continuing use of Qwest's facilities or a more facilities-based strategy. Both the QPP and Commercial Line Sharing agreements permit the CLEC to serve its customers over the life of the agreement via facilities leased from Qwest, or, alternatively, to transition some or all of its customers to its own network or the network of a third party. The inclusion of batch hot cut rates, terms, and conditions in

the QPP arrangement illustrates the continuing ability of a CLEC that enters into that arrangement to win customers through a combination of Qwest's loops and the CLEC's (or a third party's) facilities.

17. In addition to stability, the commercial agreements give the CLECs that enter the agreements other advantages. As noted above, the Commercial Line Sharing and QPP agreements were the product of intense negotiations between the parties and include numerous concessions to the CLECs. In the Commercial Line Sharing agreement, Qwest made substantial modifications on pricing, performance measurements, and conditioning. The QPP agreement sets terms and conditions for the full replacement of UNE-P in the Qwest region with no market limitations or exclusions. In return the QPP agreement contains concessions similar to those described in the Commercial Line Sharing agreement, including the term of the agreement, pricing, volume discount incentives, performance measurements, and highly favorable rates, terms, and conditions for batch hot cut provisioning.

I hereby certify, under penalty of perjury, that the foregoing is true to the best of my knowledge, information, and belief.

Executed on September 30, 2004



William M. Campbell

EXHIBIT WC-1

TERMS AND CONDITIONS FOR COMMERCIAL LINE SHARING ARRANGEMENTS

This Agreement together with this signature page, the general terms and conditions, annexes, addenda, Rate Sheet, and exhibits attached hereto or incorporated herein by reference (collectively the "Agreement") is entered into between Qwest Corporation ("Qwest") and CLEC (each identified for purposes of this Agreement in the signature blocks below, and referred to separately as a "Party" or collectively as the "Parties"). This Agreement may be executed in counterparts. This Agreement is effective on the date Qwest duly executes it following Qwest's receipt of a copy of the Agreement executed by CLEC. The undersigned Parties have read and agree to the terms and conditions set forth in the Agreement.

QWEST CORPORATION:

By: _____
[Name]: _____
[INSERT AUTHORIZED REPRESENTATIVE OF SUCH
ENTITY]
[Title]: _____
Date: _____

CLEC:

DIECA COMMUNICATIONS, INC. (d/b/a COVAD
COMMUNICATIONS COMPANY),
A VIRGINIA CORPORATION

By: Charles Hoffman
[Name]: Charles Hoffman
[Title]: President + CEO
Date: 4/14/04

APPLICABLE SERVICES:

Qwest agrees to offer and CLEC intends to purchase the Services indicated below by CLEC's signatory initialing on the applicable blanks:

CS COMMERCIAL LINE SHARING

APPLICABLE STATES:

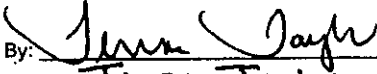
Qwest agrees to offer and CLEC intends to purchase commercial line sharing in the states indicated below by CLEC's signatory initialing on the applicable blanks:

CA Arizona
CA Colorado
CA Idaho
CA Iowa
CA Minnesota
CA Montana
CA Nebraska
CA New Mexico
CA North Dakota
CA Oregon
CA South Dakota
CA Utah
CA Washington
CA Wyoming

TERMS AND CONDITIONS FOR COMMERCIAL LINE SHARING ARRANGEMENTS

This Agreement together with this signature page, the general terms and conditions, annexes, addenda, Rate Sheet, and exhibits attached hereto or incorporated herein by reference (collectively the "Agreement") is entered into between Qwest Corporation ("Qwest") and CLEC (each identified for purposes of this Agreement in the signature blocks below, and referred to separately as a "Party" or collectively as the "Parties"). This Agreement may be executed in counterparts. This Agreement is effective on the date Qwest duly executes it following Qwest's receipt of a copy of the Agreement executed by CLEC. The undersigned Parties have read and agree to the terms and conditions set forth in the Agreement.

QWEST CORPORATION:

By: 
Name: Teresa Taylor
Title: RVP - Wholesale
Date: 4-14-04

CLEC:

DIECA COMMUNICATIONS, INC. (d/b/a COVAD
COMMUNICATIONS COMPANY),
A VIRGINIA CORPORATION

By: _____
Name: _____
Title: _____
Date: _____

APPLICABLE SERVICES:

Qwest agrees to offer and CLEC intends to purchase the Services indicated below by CLEC's signatory initialing on the applicable blanks:

_____ **COMMERCIAL LINE SHARING**

APPLICABLE STATES:

Qwest agrees to offer and CLEC intends to purchase commercial line sharing in the states indicated below by CLEC's signatory initialing on the applicable blanks:

_____ **Arizona**
_____ **Colorado**
_____ **Idaho**
_____ **Iowa**
_____ **Minnesota**
_____ **Montana**
_____ **Nebraska**
_____ **New Mexico**
_____ **North Dakota**
_____ **Oregon**
_____ **South Dakota**
_____ **Utah**
_____ **Washington**
_____ **Wyoming**

**TERMS AND CONDITIONS FOR
COMMERCIAL LINE SHARING ARRANGEMENTS
PROVIDED BY
QWEST CORPORATION TO
DIECA COMMUNICATIONS INC.
d/b/a COVAD COMMUNICATIONS COMPANY**

WHEREAS DIECA Communications Inc. (d/b/a Covad Communications Company) ("COVAD") desires to acquire and Qwest Corporation ("Qwest") desires to provide commercial line sharing arrangements outside of and without regard to the standards and limitations set forth in sections 251, 252, and 271 and other relevant provisions of the Act and the implementing rules and regulations of the Federal Communications Commission ("the FCC");

WHEREFORE, in consideration of the mutual terms, covenants, and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, COVAD and Qwest (each a "Party" and together "the Parties") agree to the following terms and conditions for commercial line sharing as follows:

Section 1.0 – PREAMBLE

1.1 The Parties acknowledge and agree that this Agreement was negotiated and entered into on commercial terms and conditions mutually agreed upon and without regard to the standards set forth in Sections 251, 252, 271 and other relevant provisions of the Act and the rules and regulations promulgated thereunder.

1.2 This Agreement is being made available by Qwest to set forth the terms, conditions and pricing under which Qwest will offer and provide to any requesting competitive local exchange carrier ("CLEC") nondiscriminatory access to commercial line sharing arrangements, provided that, the requesting CLEC agrees to each and every term and condition set forth herein, each of which the Parties agree is an essential, necessary, and inextricable term and condition of the Agreement.

1.3 COVAD represents and covenants that upon execution of this Agreement, it expressly agrees that the terms and conditions contained herein shall be its exclusive means for ordering line shared loops during the term of this Agreement.

Section 2.0 – COMMERCIAL LINE SHARING

2.1 Commercial Line Sharing

2.1.1 Description

Commercial Line Sharing provides COVAD with the opportunity to offer advanced data services simultaneously with an existing end user customer's analog voice-grade ("POTS") service provided by Qwest on a single copper loop referred to herein as "Commercial Shared Loop" by using the frequency range above the voice band on a copper loop. This frequency range will be referred to herein as the High Frequency Portion of the loop ("the HFPL"). A splitter separates the voice and data traffic and allows the copper loop to be used for simultaneous data transmission and Qwest POTS service. The splitter must be provisioned prior to ordering Commercial Line Sharing. The POTS service must be provided to the end user customer by Qwest.

2.1.1.1 Qwest agrees to provide Line Sharing on a commercial basis as set forth below.

2.1.1.1.1 **Three Year Agreement Period.** COVAD may order Commercial Line Sharing arrangements during the period beginning on October 2, 2004 and ending on October 1, 2007 ("Commercial Line Sharing") in accordance with the provisions of this subsection. The monthly recurring charge for any Commercial Line Sharing arrangement shall apply as set forth below.

(a) During the period beginning on October 2, 2004 and ending on October 1, 2007, the monthly recurring charge for any Commercial Line Sharing arrangement shall be as provided in Exhibit A. The monthly recurring charge shall be adjusted based on the annual additional net volume of new Commercial Line Shared arrangements provided by Qwest in Qwest's service territory. The volume calculation to determine the rates on October 2, 2004 shall include the net additions of all new line share arrangements ordered by COVAD between October 1, 2003 and September 30, 2004 provided that such arrangements were ordered pursuant to the commercial line-sharing provisions of the interconnection agreement amendment dated April 14, 2004.

1. To determine the annual additional net volume of Commercial Line Shared services ("New Incremental Growth"), Qwest will subtract the total number of Commercial Line Shared arrangements in service as of September 30, of the immediate previous year from the total number of Commercial Line Shared arrangements in service as of September 30, of the current year.
2. The monthly recurring rate for all new and embedded Commercial Shared Loops (those acquired on or after

October 2, 2003 or otherwise rolled into this Agreement pursuant to Section 2.1.1.1.3) for the full following twelve months shall be established by the volume range identified in Exhibit A.

2.1.1.1.1.2 Discontinuation of Voice Service. Notwithstanding anything herein to the contrary, if Qwest disconnects an end user customer's voice service in accordance with Applicable Law, then COVAD shall have the option to purchase the entire loop being disconnected if it wishes to continue providing DSL service to such end user customer; provided that, if Covad does not exercise such option, both the DSL and voice services provisioned over the line will be disconnected by Qwest.

2.1.1.1.1.3 Conversion of Existing Line Sharing Arrangements. COVAD may convert any existing line sharing arrangements under its Interconnection Agreement or any amendment thereto to Commercial Line Sharing during the term of this Agreement, provided that, such conversions shall not be included as New Incremental Growth for purposes of determining pricing of Commercial Line Sharing under Exhibit A. A separate, cost-based conversion charge may apply.

2.1.2 Terms and Conditions

2.1.2.1 General

2.1.2.1.1 To order the HFPL, COVAD must have a splitter installed in the Qwest wire center that serves the end user customer as provided for in this Section. Splitters may be installed in Qwest Wire Centers per the Collocation Section of Covad's interconnection agreement with Qwest. Splitters will be appropriately hard-wired or pre-wired so that Qwest is not required to inventory more than two (2) points of termination. The end user customer must have dial tone originating from a Qwest Switch in that Wire Center. COVAD must provide the end user customer with, and is responsible for, the installation of a splitter, filter(s) and/or other equipment necessary for the end user customer to receive separate voice and data service across a single copper loop.

2.1.2.1.2 Any requests with due dates on or after October 2, 2004 for Commercial Line Sharing arrangements or repair of Commercial Line Sharing arrangements shall be deemed to have been ordered pursuant to this Agreement and shall not be subject to performance assurance plan remedies, or any other service quality standards or remedies applicable to Qwest. On or after October 2, 2004, changes to the operations support systems and other processes required to support Commercial Line Sharing shall not be subject to and shall be exempt from any otherwise applicable provisions of the change management process (CMP).

2.1.2.1.3 COVAD may use the HFPL to provide any xDSL services that will not interfere with analog voiceband transmissions and otherwise in accordance with Applicable Law. Such services currently include but may not be limited to ADSL, RADSL, Multiple Virtual Lines (MVL) and G.lite. In the future, additional services may be used by COVAD to the extent those services are

deemed acceptable for Commercial Line Sharing deployment under Applicable Law or governing industry standards.

2.1.2.1.4 COVAD may not order the HFPL on a given copper loop if Qwest, or another Telecommunications Carrier, is already using the high frequency spectrum, unless the end user customer provides authorization to the new provider to perform the disconnect of the incumbent provider's DSL or other service using the high frequency spectrum.

2.1.2.1.5 COVAD may request, and Qwest shall provide, required conditioning on up to 5% of the Commercial Shared Loops arrangements ordered by COVAD in a calendar year. Conditioning shall mean the removal of load coils and interfering bridged taps, but shall not include any line moves or special construction. UDC removal and line moves may be provided by Qwest on Commercial Shared Loop arrangements in accordance with Qwest's facility provisioning and routine network modification processes; notwithstanding the foregoing, Qwest may modify or discontinue such processes pursuant to Applicable Law. Any conditioning above the 5% cap shall be subject to the charges for loop conditioning in Exhibit A. Qwest shall perform requested conditioning, including de-loading and removal of interfering bridged taps, unless Qwest demonstrates in advance that conditioning a Commercial Shared loop will significantly degrade the end user customer's analog voice-grade POTS service. Based on the pre-order make-up of a given copper loop, COVAD can make a preliminary determination if the loop can meet the technical parameters applicable to the data service it intends to provide over the loop.

2.1.2.1.3.1 Qwest may conduct an annual audit to determine the sum of conditioned Commercial Line Shared loops in the preceding calendar year (January through December), if any, that exceeded the 5% cap on conditioning. The number that exceed the 5% cap shall be assessed a non-recurring charge to be assessed for all conditioning performed above the 5% cap described in section 2.1.2.1.5 of this Agreement. COVAD shall pay such charges within 30 days of receiving notice of them.

2.1.3 Rate Elements

2.1.3.1 Recurring Rates for Commercial Shared Loop.

2.1.3.1.1 Commercial Shared Loop Charge - A monthly recurring charge for the use of the Commercial Shared Loop shall apply. This charge shall be inclusive of any charges to recover modification or upgrade costs to Qwest Operations Support Systems (OSS) required to accommodate line sharing, whether such charges are recovered by Qwest as recurring or non-recurring charges. Notwithstanding the foregoing, OSS development, enhancement, and maintenance costs applicable to all UNEs may be recovered through a separate cost-based charge pursuant to Applicable Law.

2.1.3.1.2 Interconnection Tie Pairs - Two Interconnection Tie Pairs (2 ITPs), 1 for voice and 1 for combined voice/data, per connection.

2.1.3.2 Nonrecurring Rates for the Commercial Shared Loop.

2.1.3.2.1 Basic Installation Charge for Commercial Shared Loop – A nonrecurring charge for each Commercial Shared Loop installed shall apply. As provided in Section 2.1.2.1.5, Conditioning shall be included in this charge, subject to the 5% cap on conditioning.

2.1.3.2.2 If the conditioning significantly degrades the voice services on the loop such that it is unacceptable to the end user customer, COVAD shall pay the conditioning charge in Exhibit A to recondition the loop.

2.1.3.2.3 A separate Conditioning charge may apply pursuant to Section 2.1.2.1.5 above.

2.1.3.2.4 Any Miscellaneous work performed by Qwest at the request of COVAD will be billed according to current Qwest's federal access tariff, and COVAD agrees to pay such charges.

2.1.3.2.5 A separate cost-based charge for Conversions of existing line sharing arrangements pursuant to section 2.1.1.1.3 may apply. If the Parties cannot mutually agree upon such charge, Qwest shall apply a conversion charge on an ICB basis, and COVAD agrees to pay such charges.

2.1.3.3 Nonrecurring Rates for Maintenance and Repair.

2.1.3.3.1 Trouble Isolation Charge – A nonrecurring charge for trouble isolation shall be applied in accordance with Qwest's federal access tariff.

2.1.3.3.2 Additional Testing – COVAD may request Qwest to perform additional testing, and Qwest may decide to perform the requested testing on a case-by-case basis. A nonrecurring charge will apply in accordance with Qwest's current federal access tariff.

2.1.4 Ordering Process

2.1.4.1 Commercial Shared Loop.

2.1.4.1.1 As a part of the pre-order process, COVAD may access loop characteristic information through the loop information tool provided as part of Qwest's OSS. COVAD shall determine, at its sole discretion, whether to order the HFPL across any specific copper loop. COVAD shall indemnify and hold harmless Qwest for any damage or liability relating to the suitability of the loop to provide the services to end users that COVAD seeks to provide.

2.1.4.1.2 The appropriate splitter Meet Points dedicated to the splitters will be provided on the Line Sharing Actual Point of Termination (APOT) form one (1) day prior to the Ready for Service date or at an interval agreed to by Qwest and COVAD in writing. COVAD will provide on the LSR, the appropriate frame terminations which are dedicated to splitters. Qwest will administer all cross-connects/jumpers on the COSMIC™/MDF and ICDF.

2.1.4.1.3 Basic Installation "lift and lay" procedure will be used for all

Commercial Shared Loop orders. Under this approach, a Qwest technician "lifts" the loop from its current termination in a Qwest Wire Center and "lays" it on a new termination connecting to COVAD's collocated equipment in the same Wire Center.

2.1.4.1.4 Qwest will provision the Commercial Shared Loop within the standard unbundled loop provisioning interval as defined in Exhibit C.

2.1.4.1.4.1 Synchronization Testing ("Sync Testing") is an option associated with collocation space and Commercial Line Sharing service requests. For more information refer to Synchronization Testing at the Supporting Documentation Section:

<http://www.qwest.com/wholesale/pcat/collocation.html>

Sync Testing shall be performed as part of the standard provisioning and repair processes for Commercial Line Sharing requests in central offices where such capability has been requested. The Sync Test shall be performed in lieu of an electrical continuity test performed on the data side of the circuit. The electrical continuity test shall still be performed if the Sync Test is not requested. When Sync Testing is performed, COVAD will be notified if there is a problem in their equipment and if the test fails, the service request will be placed in a jeopardy status.

2.1.4.1.5 COVAD shall not place initial orders for Commercial Shared Loops until all infrastructure work necessary to provision Commercial Line Sharing in a given Qwest Wire Center, including, but not limited to, splitter installation and tie cable reclassification or augmentation has been completed. Upon COVAD request at any time, including before placing an order, Qwest will arrange for a Wire Center walkthrough to verify the Commercial Line Sharing installation including APOT Information and associated databases, wiring and stenciling in the Qwest Wire Center.

2.1.4.1.6 Prior to placing an LSR for Commercial Shared Loop, COVAD must obtain a Proof of Authorization from the end user customer in accordance with the Proof of Authorization Section.

2.1.5 Repair and Maintenance

2.1.5.1 Qwest will allow COVAD to access Commercial Shared Loops at the point where the combined voice and data loop is cross connected to the splitter.

2.1.5.2 Qwest will be responsible for repairing voice services provided over Commercial Shared Loops and the physical line between Network Interface Devices at end user customer premises and the point of demarcation in Qwest Wire Centers. Qwest will also be responsible for inside wiring at end user customer premises in accordance with the terms and conditions of inside wire maintenance agreements, if any, between Qwest and its end user customers. COVAD will be responsible for

repairing data services provided on Commercial Shared Loops and is entitled to test the entire frequency range of the loop facility. Qwest and COVAD each will be responsible for maintaining its equipment. The entity that controls the splitters will be responsible for their maintenance, unless COVAD has opted to self-provision splitter card maintenance.

2.1.5.3 Qwest shall provide Maintenance and Repair for Commercial Line Sharing in accordance with the procedures in the the methods and procedures section of the Line Sharing product catalog that is made available on Qwest's website:

<http://www.qwest.com/wholesale/pcat/interconnection.html>

2.1.5.3.1 Qwest and COVAD are responsible for their respective end user customer base. Qwest and COVAD will have the responsibility for resolution of any service trouble report(s) initiated by their respective end user customers.

2.1.5.4 Qwest and COVAD will work together to address end user customer initiated repair requests and to prevent adverse impacts to the end user customer.

2.1.5.5.1 Any Miscellaneous work performed by Qwest at the request of the COVAD will be billed according to current Qwest federal access tariff and COVAD agrees to pay such charges.

2.1.6 Performance Measures

2.1.6.1 Within sixty (60) days of the Effective Date, Qwest shall provide a mutually agreed upon set of Installation and Repair metrics for performance reporting, based upon standard performance measurements and reporting to the extent technically feasible. Such performance reports shall be contained in Attachment B of this Agreement.

2.1.7 Intervals

2.1.7.1 Installation and Repair Intervals are contained in Attachment C of this Agreement.

Section 3.0 – GENERAL TERMS AND CONDITIONS

3.1 Term of Agreement

3.1.1 This Agreement shall become effective on October 2, 2004 and shall expire on October 1, 2007 ("Effective Date").

3.1.2 Upon expiration of the term of this Agreement, this Agreement shall continue in full force and effect until superseded by a successor agreement in accordance with this Section or until notice is given pursuant to Section 3.1.3 below.

3.1.3 A Party shall provide ninety (90) days written notice to terminate the services under the Agreement upon or after expiration. Prior to expiration, a Party may terminate this Agreement only for cause and shall provide ninety (90) days' written notice to terminate the

available at law or equity, each Party reserves the right to seek equitable relief, including injunctive relief and specific performance.

3.2.4 Should COVAD or Qwest dispute, in good faith, any portion of the nonrecurring charges or monthly billing under this Agreement, the Parties will notify each other in writing within fifteen (15) calendar days following the payment due date identifying the amount, reason and rationale of such dispute. At a minimum, COVAD and Qwest shall pay all undisputed amounts due. Both COVAD and Qwest agree to expedite the investigation of any disputed amounts, promptly provide all documentation regarding the amount disputed that is reasonably requested by the other Party, and work in good faith in an effort to resolve and settle the dispute through informal means prior to initiating any other rights or remedies.

3.2.4.1 If a Party disputes charges and does not pay such charges by the payment due date, such charges may be subject to late payment charges. If the disputed charges have been withheld and the dispute is resolved in favor of the Billing Party, the withholding Party shall pay the disputed amount and applicable late payment charges no later than the second bill date following the resolution. If the disputed charges have been withheld and the dispute is resolved in favor of the disputing Party, the Billing Party shall credit the bill of the disputing Party for the amount of the disputed charges and any late payment charges that have been assessed no later than the second bill date after the resolution of the dispute. If a Party pays the disputed charges and the dispute is resolved in favor of the Billing Party, no further action is required.

3.2.4.2 If a Party pays the charges disputed at the time of payment or at any time thereafter pursuant to Section 3.2.4.3, and the dispute is resolved in favor of the disputing Party the Billing Party shall, no later than the second bill date after the resolution of the dispute: (1) credit the disputing Party's bill for the disputed amount and any associated interest or (2) pay the remaining amount to COVAD, if the disputed amount is greater than the bill to be credited. The interest calculated on the disputed amounts will be the same rate as late payment charges. In no event, however, shall any late payment charges be assessed on any previously assessed late payment charges.

3.2.4.3 If a Party fails to dispute a charge and discovers an error on a bill it has paid after the period set forth in Section 3.2.4, the Party may dispute the bill at a later time through an informal process or through the Dispute Resolution provision of this Agreement.

3.2.5 Each Party will determine the other Party's credit status based on previous payment history or credit reports such as Dun and Bradstreet. If a Party has not established satisfactory credit with the other Party according to the above provisions or the Party is repeatedly delinquent in making its payments, or the Party is being reconnected after a disconnection of service or discontinuance of the processing of orders by the Billing Party due to a previous nonpayment situation, the Billing Party may require a deposit to be held as security for the payment of charges before the orders from the billed Party will be provisioned and completed or before reconnection of service. "Repeatedly delinquent" means any payment received thirty (30) calendar days or more after the payment due date, three (3) or more times during a twelve (12) month period. The deposit may not exceed the estimated total monthly charges for an average two (2) month period within the 1st three (3) months for all services. The deposit may be a surety bond, a letter of credit with terms and conditions acceptable to the Billing Party, or some other form of mutually acceptable security such as a cash deposit. Required deposits are due and payable within thirty (30) calendar days after demand.

3.2.6 Interest will be paid on cash deposits at the rate applying to deposits under applicable regulations. Cash deposits and accrued interest will be credited to the billed Party's account or refunded, as appropriate, upon the earlier of the expiration of the term of the Agreement or the establishment of satisfactory credit with the Billing Party, which will generally be one full year of timely payments of undisputed amounts in full by the billed Party. Upon a material change in financial standing, the billed Party may request and the Billing Party will consider a recalculation of the deposit. The fact that a deposit has been made does not relieve COVAD from any requirements of this Agreement.

3.2.7 The Billing Party may review the other Party's credit standing and modify the amount of deposit required but in no event will the maximum amount exceed the amount stated in 3.2.5.

3.2.8 The late payment charge for amounts that are billed under this Agreement shall be in accordance with applicable law.

3.2.9 Each Party shall be responsible for notifying its end user customers of any pending disconnection of a non-paid service by the billed Party, if necessary, to allow those end user customers to make other arrangements for such non-paid services.

3.3 Taxes

3.3.1 Any federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under Applicable Law, even if the obligation to collect and remit such taxes is placed upon the other Party. However, where the selling Party is permitted by law to collect such taxes, fees or surcharges, from the purchasing Party, such taxes, fees or surcharges shall be borne by the Party purchasing the services. Each Party is responsible for any tax on its corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Until such time as a resale tax exemption certificate is provided, no exemptions will be applied. If either Party ("the Contesting Party") contests the application of any tax collected by the other Party ("the Collecting Party"), the Collecting Party shall reasonably cooperate in good faith with the Contesting Party's challenge, provided that the Contesting Party pays any costs incurred by the Collecting Party. The Contesting Party is entitled to the benefit of any refund or recovery resulting from the contest, provided that the Contesting Party is liable for and has paid the tax contested.

3.4 Force Majeure

3.4.1 Neither Party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, power blackouts, volcanic action, other major environmental disturbances, or unusually severe weather conditions (collectively, a Force Majeure Event). Inability to secure products or services of other Persons or transportation facilities or acts or omissions of transportation carriers shall be considered Force Majeure Events to the extent any delay or failure in performance caused by these circumstances is beyond the Party's control and

customer by the Party, the Party whose end user customer alleged or incurred such claims or loss (the Indemnifying Party) shall defend and indemnify the other Party and each of its officers, directors, employees and agents (collectively the Indemnified Party) against any and all such claims or loss by the Indemnifying Party's end user customers regardless of whether the underlying service was provided or Unbundled Network Element was provisioned by the Indemnified Party, unless the loss was caused by the willful misconduct of the Indemnified Party. The obligation to indemnify with respect to claims of the Indemnifying Party's end user customers shall not extend to any claims for physical bodily injury or death of any Person or persons, or for loss, damage to, or destruction of tangible property, whether or not owned by others, alleged to have resulted directly from the negligence or intentional conduct of the employees, contractors, agents, or other representatives of the Indemnified Party.

3.6.2 The indemnification provided herein shall be conditioned upon:

3.6.2.1 The Indemnified Party shall promptly notify the Indemnifying Party of any action taken against the Indemnified Party relating to the indemnification. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such claim.

3.6.2.2 If the Indemnifying Party wishes to defend against such action, it shall give written notice to the Indemnified Party of acceptance of the defense of such action. In such event, the Indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the Indemnified Party may engage separate legal counsel only at its sole cost and expense. In the event that the Indemnifying Party does not accept the defense of the action, the Indemnified Party shall have the right to employ counsel for such defense at the expense of the Indemnifying Party. Each Party agrees to cooperate with the other Party in the defense of any such action and the relevant records of each Party shall be available to the other Party with respect to any such defense.

3.6.2.3 In no event shall the Indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the Indemnified Party. In the event the Indemnified Party withholds consent, the Indemnified Party may, at its cost, take over such defense, provided that, in such event, the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify the relevant Indemnified Party against, any cost or liability in excess of such refused compromise or settlement.

3.7 Warranties

3.7.1 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND THAT ALL PRODUCTS AND SERVICES PROVIDED HEREUNDER ARE PROVIDED "AS IS," WITH ALL FAULTS.

3.8 Assignment

3.8.1 Neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third party without the prior written

consent of the other Party. Notwithstanding the foregoing, either Party may assign or transfer this Agreement to a corporate Affiliate or an entity under its common control; without the consent of the other Party, provided that the performance of this Agreement by any such assignee is guaranteed by the assignor. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

3.8.2 In the event that Qwest transfers to any unaffiliated party exchanges including end user customers that COVAD serves in whole or in part through facilities or services provided by Qwest under this Agreement, the transferee shall be deemed a successor to Qwest's responsibilities hereunder for a period of ninety (90) calendar days from notice to COVAD of such transfer or until such later time as an applicable regulatory authority may direct pursuant to the authority's then applicable statutory authority to impose such responsibilities either as a condition of the transfer or under such other state statutory authority as may give it such power. In the event of such a proposed transfer, Qwest shall use its best efforts to facilitate discussions between COVAD and the transferee with respect to transferee's assumption of Qwest's obligations pursuant to the terms of this Agreement.

3.9 Default

3.9.1 If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other material provision of this Agreement, and such default or violation shall continue for thirty (30) calendar days after written notice thereof, the other Party may seek relief in accordance with the Dispute Resolution provision of this Agreement. The failure of either Party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

3.10 Disclaimer of Agency

3.10.1 Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

3.11 Severability

3.11.1 In the event that any one or more of the provisions contained herein shall for any reason be held to be unenforceable or invalid in any respect under law or regulation, the Parties will negotiate in good faith for replacement language as set forth herein. If any part of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will affect only the portion of this Agreement which is invalid or unenforceable. In all other respects, this Agreement will stand as if such invalid or unenforceable provision had not been a part hereof, and the remainder of this Agreement shall remain in full force and effect.

The Federal Arbitration Act, 9 U.S.C. Sections 1-16, not state law, shall govern the arbitrability of the Dispute. The arbitrator shall not have authority to award punitive damages. The arbitrator's award shall be final and binding and may be entered in any court having jurisdiction thereof. Each Party shall bear its own costs and attorneys' fees, and shall share equally in the fees and expenses of the arbitrator. The arbitration proceedings shall occur in the Denver, Colorado metropolitan area. It is acknowledged that the Parties, by mutual, written agreement, may change any of these arbitration practices for a particular, some, or all Dispute(s).

3.13.3.1 All expedited procedures prescribed by the AAA or J.A.M.S./Endispute rules, as the case may be, shall apply to Disputes affecting the ability of a Party to provide uninterrupted, high quality services to its end user customers, or as otherwise called for in this Agreement. A Party may seek expedited resolution of a Dispute if the vice-presidential level representative, or other representative with authority to make commitments, have not reached a resolution of the Dispute within two (2) calendar days after the Resolution Request. In the event the Parties do not agree that a service affecting Dispute exists, the Dispute resolution shall commence under the expedited process set forth in this Section 3.13.3.1, however, the first matter to be addressed by the arbitrator shall be the applicability of such process to such Dispute.

3.13.3.2 There shall be no discovery except for the exchange of documents deemed necessary by the arbitrator to an understanding and determination of the Dispute. Qwest and COVAD shall attempt, in good faith, to agree on a plan for such document discovery. Should they fail to agree, either Qwest or COVAD may request a joint meeting or conference call with the arbitrator. The arbitrator shall resolve any Disputes between Qwest and COVAD, and such resolution with respect to the need, scope, manner, and timing of discovery shall be final and binding.

3.13.3.3 Arbitrator's Decision

3.13.3.3.1 The arbitrator's decision and award shall be in writing and shall state concisely the reasons for the award, including the arbitrator's findings of fact and conclusions of law.

3.13.3.3.2 An interlocutory decision and award of the arbitrator granting or denying an application for preliminary injunctive relief may be challenged in a forum of competent jurisdiction immediately, but no later than ten (10) business days after the appellant's receipt of the decision challenged. During the pendency of any such challenge, any injunction ordered by the arbitrator shall remain in effect, but the enjoined Party may make an application to the arbitrator for appropriate security for the payment of such costs and damages as may be incurred or suffered by it if it is found to have been wrongfully enjoined, if such security has not previously been ordered. If the authority of competent jurisdiction determines that it will review a decision granting or denying an application for preliminary injunctive relief, such review shall be conducted on an expedited basis.

3.13.3.4 To the extent that any information or materials disclosed in the course of an arbitration proceeding contain proprietary, trade secret or Confidential Information of either Party, it shall be safeguarded in accordance with Section 3.16 of this Agreement, or if the Parties mutually agree, such other appropriate agreement for the protection of proprietary, trade secret or Confidential Information that the Parties negotiate. However,

With copy to:
Qwest Law Department
Attention: Corporate Counsel, Interconnection
1801 California Street, 49th Floor
Denver, CO 80202
Email doug.hsiao@qwest.com
Phone 303-672-2794

and to COVAD at the address shown below:

Jim Kirkland, General Counsel
Covad Communications Company
110 Rio Robles
San Jose, CA 95134-1813

Email Kirkland@covad.com
Phone 408-952-6400

If personal delivery is selected to give notice, a receipt acknowledging such delivery must be obtained. Each Party shall inform the other of any change in the above contact Person and/or address using the method of notice called for in this Section 3.15.

3.16 Responsibility of Each Party

3.16.1 Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at Work Locations, and (ii) Waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the Work Locations. Subject to the limitations on liability and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by Applicable Law in connection with its activities, legal status and property, real or personal, and (ii) the acts of its own Affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

3.17 No Third Party Beneficiaries

3.17.1 The provisions of this Agreement are for the benefit of the Parties and not for any other Person. This Agreement will not provide any Person not a Party to this Agreement with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing by reference in this Agreement.

3.18 Publicity

3.18.1 The Parties agree to cooperate in drafting and releasing jointly and simultaneously the initial press release or other form of publicity to disclose the execution and contents of this Agreement and hereby consent to such joint release. Nothing in this section shall limit a Party's ability to issue public statements with respect to regulatory or judicial proceedings.

3.19 Executed in Counterparts

3.19.1 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.

3.20 Compliance

3.20.1 Each Party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement. Without limiting the foregoing, Qwest and COVAD agree to keep and maintain in full force and effect all permits, licenses, certificates, and other authorities needed to perform their respective obligations hereunder.

3.21 Amendments

3.21.1 This Agreement may be amended only by a written instrument duly executed by the Parties.

3.22 Entire Agreement

3.23.1 This Agreement (including the documents referred to herein) constitutes the full and entire understanding and agreement between the Parties with regard to the subjects of this Agreement and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they relate in any way to the subjects of this Agreement.

Shared Services		RC	RC
209.4 Line Sharing			
209.4.1	Shared Loop, per Loop (footnote 1)		
Rate Groups for determining RC rate for Line Installed 10/2/2004-9/30/2005			
	Previous Year New Incremental Growth totaling 15,000 Lines or more	\$5.00	\$35.00
	Previous Year New Incremental Growth totaling 12,500-14,999 Lines(Gt. 12,500 rate)	\$6.00	\$35.00
	Previous Year New Incremental Growth totaling 7,500-12,499 Lines(Gt. 7,500 rate)	\$7.00	\$35.00
	Previous Year New Incremental Growth totaling less than 7,500 Lines	\$8.00	\$35.00
Rate Groups for determining RC rate for Line Installed 10/1/2005-10/1/2007			
	Previous Year New Incremental Growth totaling 17,500 Lines or more	\$5.00	\$35.00
	Previous Year New Incremental Growth totaling 12,500-17,499 Lines(Gt. 12,500 rate)	\$6.00	\$35.00
	Previous Year New Incremental Growth totaling 7,500-12,499 Lines(Gt. 7,500 rate)	\$7.00	\$35.00
	Previous Year New Incremental Growth totaling less than 7,500 Lines	\$8.00	\$35.00
209.4.3	OSS - Per Line - Per Month	\$0.00	
209.4.4	Conversion Charge		ICB
The following elements must be included in your Interconnection Agreement before ordering Line Sharing from your Commercial Agreement:			
Interconnection Tie Pairs (ITP) – Per Termination			
	DS0		
	DS1 Per each Termination		
	DS3 Per each Termination		
	Splitter Shell Charge		
	Splitter TIE Cable Connections		
	Splitter in the Common Area--Data to 410 block		
	Splitter in the Common Area—Data direct to CLEC		
	Splitter on the IDF—Data to 410 block		
	Splitter on the IDF—Data direct to CLEC		
	Splitter on the MDF—Data to 410 block		
	Splitter on the MDF—Data direct to CLEC		
	Engineering		
	Existing Bay		
<p>1. Beginning in October 2, 2004 the RC will be adjusted based on annual volumes from the previous year. To determine the annual additional net volume of Line Shared services, Qwest will subtract the total number of Line Shared services in service as of September 30, of the immediate previous year from the total number of Line Shared services in service as of September 30, of the current year.</p>			

Qwest Communications®
Service Interval Guide For

Attachment C
Shared Loop/Line Sharing

V1.0

Product	Activity/Features	Services Ordered	FOC Guidelines	Installation Guidelines	Repair Guidelines
Shared Loop/Line Sharing	No conditioning		24 hours	Three (3) Business Days	24 hours OOS 48 hours AS
	With conditioning			Fifteen (15) Business Days	
	With Line Move / UDC Removal			Five (5) Business Days	